



# House of Representatives

General Assembly

**File No. 93**

January Session, 2005

Substitute House Bill No. 5652

*House of Representatives, March 30, 2005*

The Committee on General Law reported through REP. STONE, C. of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING WARRANTY WORK PERFORMED BY DEALERS OF CERTAIN MACHINERY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) As used in this section and  
2 section 2 of this act:

3 (1) "Equipment" means machines designed for or adapted and used  
4 for lawn and garden purposes including snow blowers, lawn tractors,  
5 lawn mowers, weed trimmers, chain saws and other similar  
6 equipment;

7 (2) "Supplier" means any manufacturer, distributor, wholesaler,  
8 person, partnership, company or branch, division, agent officer or  
9 representative thereof that sells or distributes equipment;

10 (3) "Dealer" means any person, partnership, company association or  
11 other business entity engaged primarily in the business of selling,  
12 retailing or leasing and servicing of equipment; and

13 (4) "Dealer agreement" means a contract, oral or written, expressed  
 14 or implied between a supplier and a dealer that provides the dealer  
 15 with the right to sell, distribute or service the supplier's equipment.

16 Sec. 2. (NEW) (*Effective from passage*) (a) Any warranty work  
 17 performed by a dealer on equipment for a supplier pursuant to a  
 18 dealer agreement shall be compensated at the lesser of the actual  
 19 amount of time required by the dealer to complete such work or the  
 20 reasonable and customary amount of time required by the dealer to  
 21 complete such work as expressed in hours and fractions of hours  
 22 multiplied by the hourly labor rate such dealer charges to the general  
 23 public for such work. Such hourly labor rate shall be made known to  
 24 such supplier prior to any such work.

25 (b) Any parts used by a dealer in performing warranty work on  
 26 equipment for a supplier pursuant to a dealer agreement shall be  
 27 compensated based upon the dealer's net price for such part plus  
 28 fifteen per cent of such net price or pursuant to such supplier's current  
 29 reimbursement program, whichever is greater.

|   |                     |             |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                     |             |
| Section 1   | <i>from passage</i> | New section |
| Sec. 2  | <i>from passage</i> | New section |

**GL**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

| Agency Affected            | Fund-Effect | FY 06 \$ | FY 07 \$ |
|----------------------------|-------------|----------|----------|
| Consumer Protection, Dept. | GF - None   | None     | None     |

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill sets the method for determining the compensation paid by suppliers of lawn and garden equipment to their dealers for warranty work under a dealer agreement. The bill has no fiscal impact.

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**OLR Bill Analysis***sHB 5652****AN ACT CONCERNING WARRANTY WORK PERFORMED BY DEALERS OF CERTAIN MACHINERY*****SUMMARY:**

This bill sets the method for determining the compensation paid by suppliers of lawn and garden equipment—such as lawn mowers, lawn tractors, snow blowers, weed trimmers, and chain saws—to their dealers for warranty work performed under a dealer agreement.

EFFECTIVE DATE: Upon passage

**COMPENSATION**

The bill requires suppliers to calculate and pay dealer compensation for services using the hourly labor rate the dealer charges to the general public multiplied by the lesser of the actual time the dealer requires to do the work or the dealer's reasonable and customary amount of time to do the work. It requires that the hourly labor rate be made known to the supplier before the work is performed. It requires suppliers to pay for parts based on the dealer's net price plus 15%, or according to the supplier's current reimbursement program, whichever is greater.

**DEALERS AND SUPPLIERS**

The bill defines "dealer" as a business engaged primarily in selling, leasing, and servicing machines for lawn and garden work and a "dealer agreement" as a contract, written or oral, expressed or implied, between a supplier and a dealer that gives a dealer the right to sell, distribute, or service the supplier's equipment. It defines "supplier" as a manufacturer, distributor, wholesaler, person, partnership, company or branch, division, agent officer, or representative that sells or distributes lawn and garden equipment.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 13      Nay 2